

BlockFi International Ltd.

22-19368

Debtor

Reporting Period: November 28-30, 2022

**MONTHLY OPERATING REPORT
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Notes to the Monthly Operating Report

This report includes activity from the following Debtors and their related Case Numbers:

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BlockFi International Ltd	22-19368

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Notes to MOR:

On November 28th, 2022 (the “Petition Date”), BlockFi Inc. and eight of its affiliates (collectively, the “Debtors” or the “Company”) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 28, 2022, the court entered an order [Docket No. 18] authorizing joint administration and procedural consolidation of these Chapter 11 cases pursuant to Bankruptcy Rule 1015(b) under the lead case *In re BlockFi Inc., et al.*, Case No. 22-19361. On December 21, 2022, the United States Trustee for the District of New Jersey (the “U.S. Trustee”) appointed an Official Committee of Unsecured Creditors (the “Creditors Committee”) [Docket No. 131]. No request for the appointment of a trustee or examiner has been made in these Chapter 11 cases.

BlockFi International Ltd. (the “Debtor”) is a Bermuda Limited Liability Company, renamed and organized in Bermuda on January 21, 2022 to conduct digital assets business activities. Previously, BlockFi International was formed under the name of BlockFi International LLC in the Cayman Islands on May 10, 2019 as a specific-use trading vehicle for certain institutional clients. BlockFi also filed a winding up petition in the Supreme Court of Bermuda (for restructuring purposes only), together with an application for the appointment of joint provisional liquidators on a “light touch provisional liquidation basis” to assist the board of BlockFi International with this restructuring.

The Debtors are filing their Monthly Operating Report solely for the purposes of complying with the monthly operating report requirements applicable in the Debtors' Chapter 11 cases. The financial and supplemental information contained herein is presented on a preliminary and unaudited basis, remains subject to future adjustments, and may not comply in all material respects with generally accepted accounting principles in the United States of America (“U.S. GAAP”) or International Financial Reporting Standards (“IFRS”). This Monthly Operating Report should not be relied on by any persons for information relating to future financial conditions, events, or performance of any of the Debtors or their affiliates.

The financial information has been derived from the books and records of the Debtors. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. GAAP or IFRS, and upon application of such procedures, the Debtors believe that the financial information could be subject to changes, which could be material. The information furnished in this report includes primarily normal recurring adjustments but does not include all adjustments that would typically be made for financial statements prepared in accordance with U.S. GAAP or IFRS. The preparation of the

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Financial Statements and MOR required the Debtors to make commercially reasonable estimates and assumptions with respect to the reported amounts of assets and liabilities, the amount of contingent assets and contingent liabilities at month end, and the reported amounts of revenues and expenses during the applicable reporting periods. Actual results could differ from such estimates.

All information presented has been translated using prevailing prices as of UTC 23:59:59 as of the applicable period end. When determining the prices for digital assets and liabilities, the Company assesses the principal market in which to sell the digital assets or in the absence of a principal market, the most advantageous market. Market prices for such assets and liabilities may be volatile and not be readily ascertainable. In addition, the Company's ultimate realized value will be based on outcomes that are difficult to predict and outside of the control of the Company. As a result, amounts ultimately realized by the Company may differ from the fair values presented.

Client balances reflected in the financial statements and this Monthly Operating report are as of UTC 1:15:00 on November 11, 2022 (20:15:00 prevailing Eastern Time on November 10, 2022).

The Debtors reserve all rights to amend or supplement this Monthly Operating Report in all respects, as may be necessary or appropriate. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 cases.

Debtor Full-Time Employees:

This MOR includes the number of full-time employees as of the Petition Date and November 30. As described in the Wages Motion [Docket No. 16], the Debtors also employ Independent Contractors located outside of the United States, whose salaries and benefits are included in the payroll amounts included in the MOR for the employing debtor entity.

Notes to MOR Part 1

For the avoidance of doubt, the bank accounts, cash balances and associated cash receipts and disbursements set forth do not include cash held in the "for the benefit of" accounts ("FBO Accounts") as described in the *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) Honor Withdrawals from Wallet Accounts, (B) Update the User Interface to Properly Reflect Transactions and Assets as of the Platform Pause, and (C) Conduct Ordinary Course Reconciliation of Accounts, and (II) Granting Related Relief* (the "Wallet Withdrawal Motion") [Docket No. 121]. As discussed in the Wallet Withdrawal Motion, the Debtors do not have a legal or equitable interest in the cash held in the Wallet Accounts; such held funds are owned by the

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Debtors' clients. Note that digital assets attributable to Wallet Accounts are separately captured in Part 2 under Inventory (2c).

Notes to MOR Part 2 & MOR Part 4

The information contained in MOR Part 2 & MOR Part 4 is provided to fulfill the requirements of the Office of the United States Trustee. All information contained in MOR Part 2 & MOR Part 4 is unaudited and subject to future adjustment.

Accounts receivable (2a) represents the fair market value of digital asset loans ("Digital Asset Loans"), principal value of USD-denominated fiat and stablecoin loans without reserves ("USD-Denominated Loans"), accrued and unpaid interest owed to BlockFi denominated in digital assets ("Digital Assets Receivable"), accrued and unpaid interest owed to BlockFi denominated in USD or stablecoin ("Interest Receivable"), default or penalty interest owed where applicable ("Default Interest"), and intercompany receivables between BlockFi entities ("Intercompany Receivables"). Accounts receivable (2a) also includes claims on assets held on FTX.com, which was otherwise excluded from Cash (1d) and Inventory (2c), and claims for unpaid principal and interest owed for loans outstanding with Alameda Research and any other borrower in default (collectively "Claims"). Given the ultimate recoverability on Claims are being determined in separate proceedings, the Company has not reduced any of these amounts to an estimated recovery value in this report.

Inventory (2c) includes digital assets held in custody at entities which are not undergoing their own bankruptcy proceeds, and thus excludes digital assets BlockFi holds with FTX.com. This balance also includes digital assets currently staked and any safeguarding assets held for the benefit of Wallet accounts which we do not believe to be property of the estate. The offsetting liability is included in Prepetition Priority Debt (2l).

Post-petition payables (2f) include general accounts payable and other accrued expenses and liabilities, inclusive of post-petition interest accrued for the BlockFi Interest Account and BlockFi Private Client open term and fixed term accounts as well as collateral posted to BlockFi International or related entities by borrowers.

Selling expenses (4d) and General and Administrative expenses (4e) reflect the utilization of discounts and pre-payments thus creating contra expenditures in certain instances.

Other expenses (4f) reflects the impact of price changes during the stub period for digital asset translation adjustments.

Notes to MOR Part 7

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Pursuant to certain orders of the Court in the chapter 11 cases entered shortly after the Petition Date [Docket Nos. 43-44, 49, 50-52, and 55] (collectively, the “First Day Orders”), the Debtors were granted authority to pay certain outstanding prepetition payables, including payments outlined in the Cash Management, Tax, Utility, Insurance, Critical Vendor, and Wage Motions [Docket Nos. 7, 9-11, 13, and 16, respectively].

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Debtor name:	BlockFi International Ltd.
Case number:	22-19368
CASH BEGINNING OF PERIOD	\$ 26,139,739
RECEIPTS	
Receipts	-
TOTAL RECEIPTS	-
DISBURSEMENTS	
	-
TOTAL DISBURSEMENTS	-
TRANSFERS	
	-
TOTAL TRANSFERS	-
NET CASH FLOW	-
(RECEIPTS LESS DISBURSEMENTS)	-
CASH END OF MONTH	\$ 26,139,739

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PART 2
BALANCE SHEET (UNAUDITED)

Debtor name:	BlockFi International Ltd.
Case number:	22-19368
Line item	Current Period
ASSETS	
CURRENT ASSETS	
Cash	\$ 26,139,739
Stablecoin Held	27,778,313
Digital Assets Held	222,083,036
Indemnification Asset	61,091,152
Digital Assets Loaned	48,151,205
Loans, Net	55,615,852
Intercompany Receivable from Affiliate Entities	30,348,581
Other Current Assets	52,063,673
Claims on Debtors in Bankruptcy (Estimate)	916,843,160
TOTAL CURRENT ASSETS	1,440,114,712
NON-CURRENT ASSETS	
Other Non-current Assets	11,960
TOTAL NON-CURRENT ASSETS	11,960
TOTAL ASSETS	1,440,126,672
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
Other Liabilities	
Safeguarding Liabilities	61,091,152
TOTAL OTHER LIABILITIES	61,091,152
Liabilities Subject to Compromise	
Customer Liabilities	367,321,611
Digital Asset Collateral Due to Clients	201,066,751
Institutional Borrowings	34,663,500
Intercompany Payable to Affiliate Entities	621,819,828
Accrued Expenses and Other Liabilities	2,778,411
TOTAL LIABILITIES SUBJECT TO COMPROMISE	1,227,650,101
TOTAL LIABILITIES	1,288,741,252
TOTAL STOCKHOLDERS' EQUITY	151,385,420
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,440,126,672

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PART 4
STATEMENT OF OPERATIONS (UNAUDITED)

Debtor name:	BlockFi International Ltd.
Case number:	22-19368
Line Item	Current period
REVENUE AND INTEREST INCOME	
Interest and Fee Revenue	\$ 778,718
TOTAL REVENUE AND INTEREST INCOME	778,718
INTEREST AND TRADING EXPENSES	
Interest and Fee Expense	191,261
TOTAL INTEREST AND TRADING EXPENSES	191,261
OPERATING EXPENSES	
Personnel Expenses	38,052
General and Administrative	141
TOTAL OPERATING EXPENSES	38,193
OTHER OPERATING INCOME / (LOSS)	
Other Income (Loss)	80,670,070
TOTAL OTHER OPERATING INCOME / (LOSS)	80,670,070
NET PROFIT / (LOSS)	\$ 81,219,334

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11/30 BANK ACCOUNTS

Entity name:	Bank name	Account type	Account number (last four digits)	Period-end bank balance	Currency
BlockFi International Ltd	Exchange	Kraken	N/A	\$ 26,139,739	USD
BlockFi International Ltd	Silvergate	Checking	-4552	0	USD
BlockFi International Ltd	Silvergate	Checking	-4560	0	USD
BlockFi International Ltd	Silvergate	SEN to 4552	-4578	0	USD
BlockFi International Ltd	Silvergate	SEN to 4560	-4586	0	USD
BlockFi International Ltd	Silvergate	Operational account	-8926	0	USD
Total Debtor Amount				\$ 26,139,739	USD